



PT Bank Danamon Indonesia Tbk

Analyst Briefing 9M 2018

Jakarta, 24 October 2018

Double digit loan growth excluding Micro, combined with improving CASA ratio

Successfully serving personal and business needs of the growing middle class and mass-affluent segments

Strong growth in key engines

- Excluding Micro, Loan Portfolio and Trade Finance grew 10% YoY
- Consumer Mortgage and SME grew 35% and 11%, respectively
- ADMF loans grew 12% YoY in 9M18. Both 2W and 4W new financing improved
- Enterprise Banking grew 7% YoY

Improve Funding Structure

- CASA ratio continued to improve to 49.1% from 47.5% last year
- Improved funding structure through low cost deposits

9M 2018 Balance Sheet Highlights

In Rp billion	9M17	9M18	YoY	1Q18	2Q18	3Q18	QoQ
Total Assets	173,674	178,634	3%	179,555	182,416	178,634	-2%
Total Loan Portfolio and Trade Finance ¹⁾	126,883	134,330	6%	130,181	133,902	134,330	0%
Total Loan Portfolio and Trade Finance ¹⁾ excl. Micro	119,180	131,126	10%	124,487	129,360	131,126	1%
Government Bonds	9,163	13,082	43%	10,154	11,821	13,082	11%
Total Funding	121,023	120,423	0%	124,870	125,534	120,423	-4%
CASA	47,762	49,068	3%	50,072	50,822	49,068	-3%
Time deposits	52,687	50,866	-3%	53,678	54,560	50,865	-7%
Borrowings and LT. Funding	20,574	20,501	0%	21,120	20,153	20,501	2%
Equity	37,209	40,153	8%	38,336	39,155	40,153	3%

1) Trade Finance includes related marketable securities

9M 2018 Income Statement

<i>In Rp billion</i>	9M17	9M18	YoY	1Q18	2Q18	3Q18	QoQ
Net Interest Income	10,581	10,825	2%	3,599	3,613	3,613	0%
<i>Net Interest Income excl. micro</i>	9,819	10,461	7%	3,439	3,493	3,529	1%
Non Interest Income ¹⁾	2,607	2,435	-7%	795	812	828	2%
Operating Income	13,188	13,260	1%	4,394	4,425	4,441	0%
Operating Expenses	6,390	6,439	1%	2,118	2,149	2,172	1%
PPOP ²⁾	6,798	6,822	0%	2,275	2,277	2,270	0%
Cost of Credit	2,509	2,517	0%	798	888	831	-6%
Operating Profit	4,289	4,305	0%	1,477	1,389	1,439	4%
NPAT ³⁾	3,034	3,038	0%	1,044	967	1,027	6%

1) Consist of fee income of Rp2,624 bn 9M17 vs Rp2,425 bn 9M18

2) Pre-Provision Operating profit

3) Due to signing of Conditional Sale and Subscription Agreement related to divestment of Adira Insurance, as presented in published financial statements, Adira Insurance's net income is presented in a separate line of profit or loss as net income from disposal group classified as held-for-sale. See appendix for the consolidated financial statement under PSAK 58 (IFRS 5)

9M 2018 Key Financial Ratios

In %	9M17	9M18	YoY	1Q18	2Q18	3Q18	QoQ
NIM	9.3	9.0	(0.3)	9.0	9.0	9.0	0.0
CoC	2.7	2.6	(0.1)	2.5	2.8	2.5	0.3
Risk-adjusted NIM	6.6	6.4	(0.2)	6.5	6.2	6.5	0.3
Cost to Income	48.4	48.6	0.2	48.2	48.6	48.9	(0.3)
CASA Ratio	47.5	49.1	1.6	48.3	48.2	49.1	0.9
Regulatory LFR	93.8	-	-	93.5	94.1	98.5	(4.4)
RIM	-	100.9	-	-	96.3	100.9	(4.6)
NPL Gross	3.3	3.0	0.3	3.1	3.3	3.0	0.3
NPL Gross, including Trade Finance ¹⁾	3.2	2.9	0.3	3.0	3.1	2.9	0.2
Loan Loss Coverage (LLC)	116.6	126.4	9.8	126.5	124.1	126.4	2.3
ROAA	2.3	2.3	(0.0)	2.3	2.1	2.3	0.2
ROAE	11.6	11.0	(0.6)	11.5	10.6	11.0	0.4
CAR - Consolidated	22.3	22.3	0.0	21.8	21.7	22.3	0.6

1) Trade finance includes related marketable securities

More efficient cost structure without Micro Banking

	Consolidated Financials - with SEMM			Consolidated Financials - If without SEMM*		
	9M17	9M18	YoY	9M17	9M18	YoY
NIM (%)	9.3	9.0	(0.3)	9.1	9.0	0.1
Cost of Credit (%)	2.7	2.6	0.1	2.7	2.7	0.0
Cost-to-Income Ratio (%)	48.4	48.6	(0.2)	46.1	46.2	(0.1)
Net Profit Before Taxes (Rp bn)	4,289	4,305	0%	4,370	4,383	0%
ROAE (%)	11.6	11.1	(0.5)	12.3	11.6	(0.7)

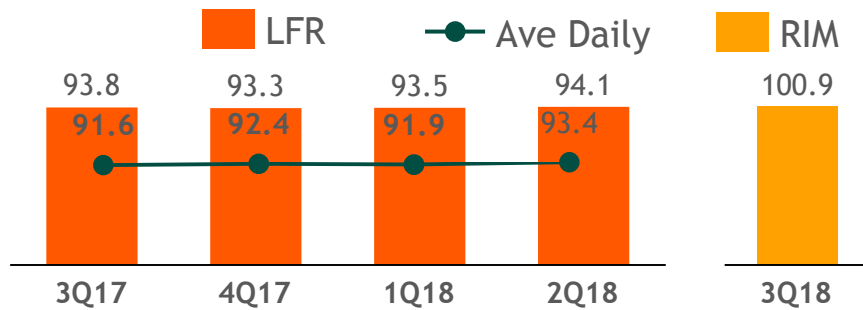
* Opex reduction are based on SEMM direct cost only

Micro Banking Update

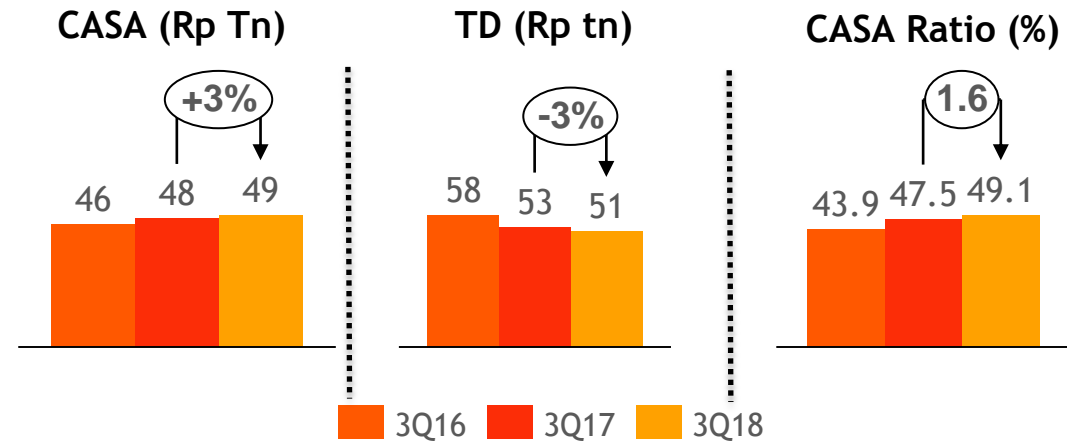
- > Micro banking will continue to focus on improving credit quality, collections, and recoveries as well as on streamlining the network

Improved funding composition towards low cost deposits

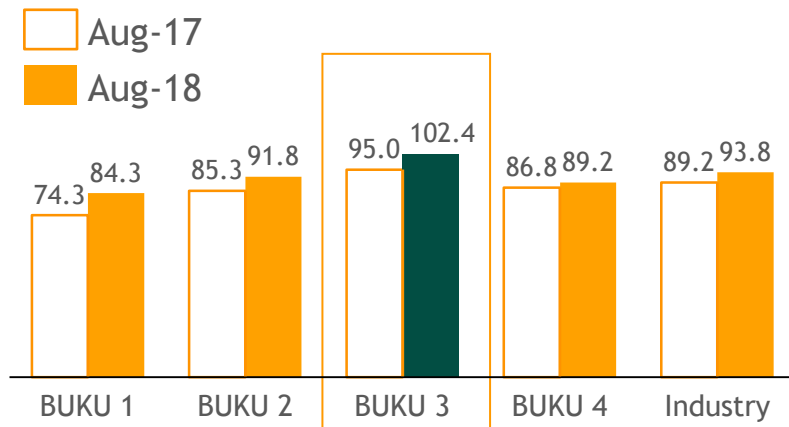
Regulatory RIM* (%) - Within management target



CASA , TD, & CASA Ratio - CASA ratio continued to improve



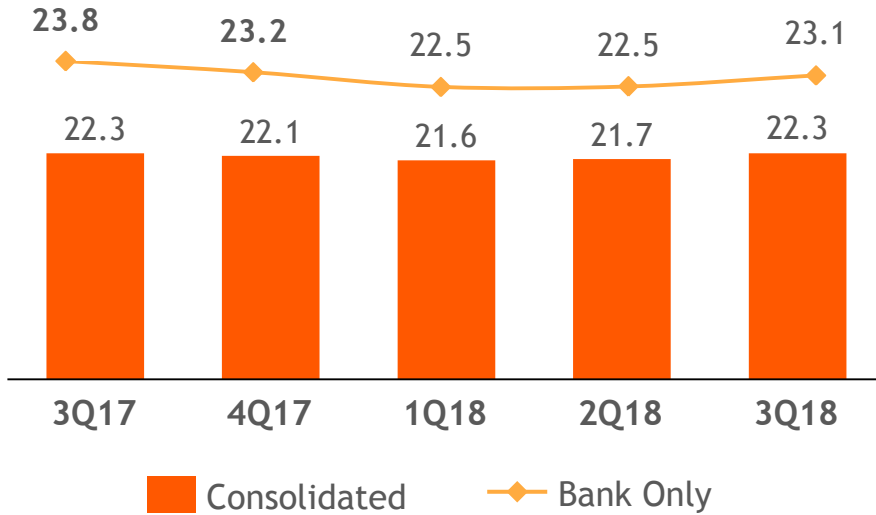
LDR (%) by BUKU - BUKU 3 Banks posted the highest LDR



- RIM is in line with management's target. Moderate increase in RIM will be managed down in subsequent periods.
- CASA to consolidated funding continued to improved on the back of higher granular saving account (Danamon Lebih).

Capital continued to strengthen

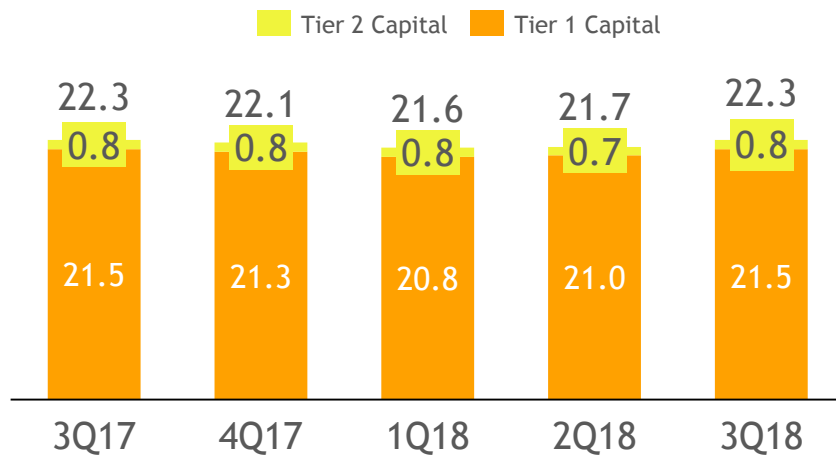
Capital Adequacy Ratio (%)



Market and Operational Risk Charges (%)

%	3Q17	4Q17	1Q18	2Q18	3Q18
CAR w/ Credit Risk	28.7	28.2	27.6	27.6	28.3
Market Risk Charge	0.1	0.1	0.1	0.1	0.1
Operational Risk Charge	6.3	6.1	5.9	5.8	5.9
CAR Consolidated	22.3	22.1	21.6	21.7	22.3

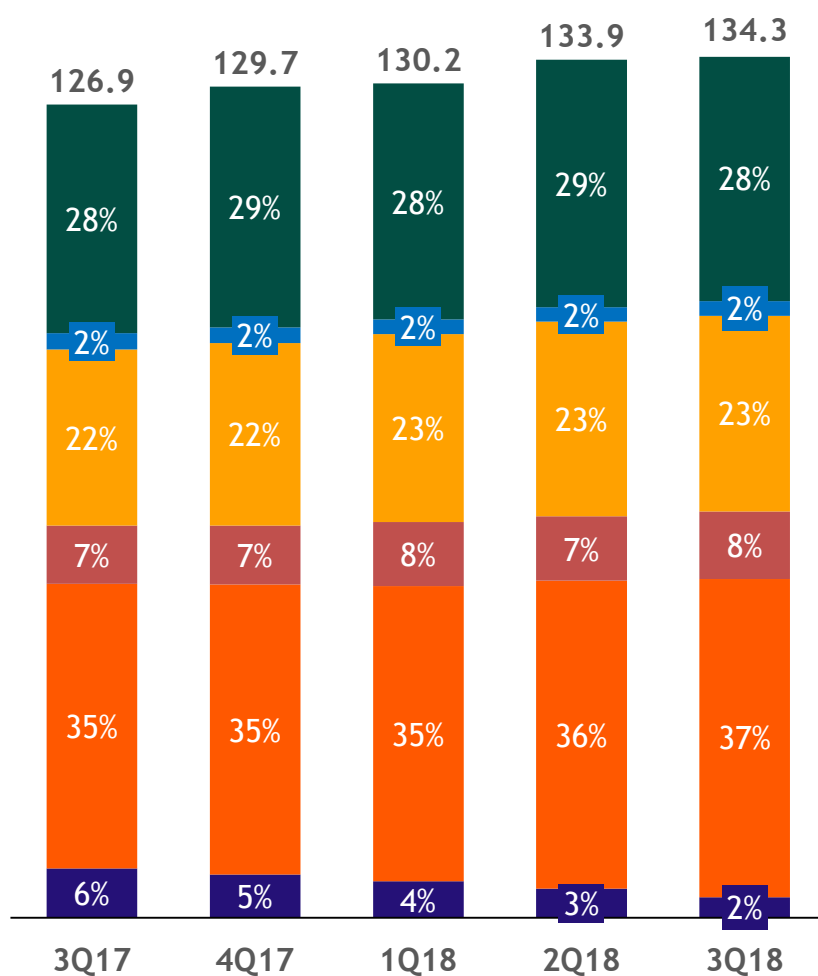
Tier 1 and Tier 2 Consolidated Capital Ratio (%)



- Danamon's capital level and internal capital generation remain strong.
- The capital level is significantly above the minimum regulatory requirement.

Double digit loan growth, excluding Micro

Composition of Loan Portfolio & Trade Finance¹⁾ (Rp tn)



Growth of Loan Portfolio & Trade Finance¹⁾

Rp bn	9M17	9M18	YoY	QoQ
Enterprise ²⁾ & FI	35,676	38,116	7%	-1%
SME	27,480	30,536	11%	0%
Consumer	9,111	10,545	16%	5%
Mortgage	5,409	7,318	35%	6%
Others ³⁾	3,703	3,232	-13%	4%
Adira Finance	44,382	49,653	12%	3%
ABF	2,531	2,266	-11%	2%
Total excl Micro	119,181	131,121	10%	1%
SEMM (Micro)	7,702	3,209	-58%	-29%
Total	126,882	134,330	6%	0%

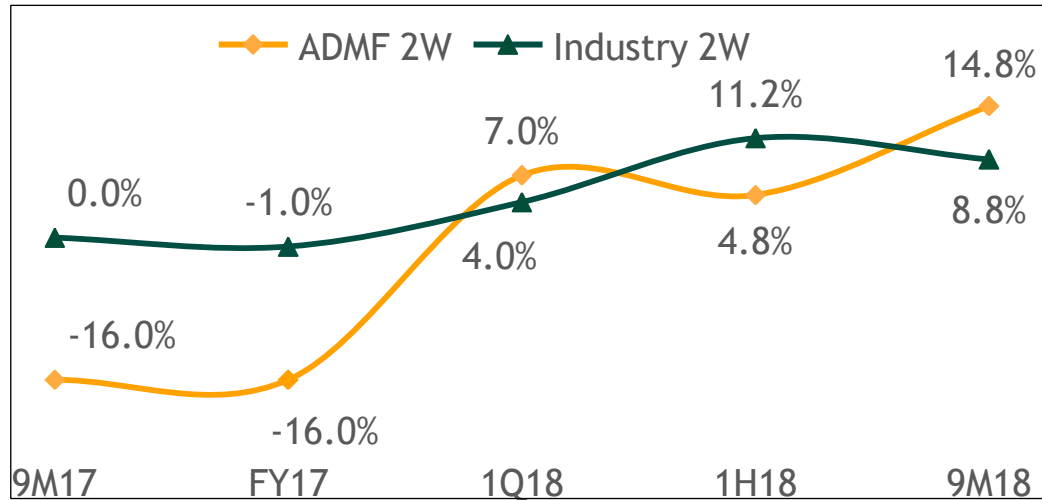
1) Trade finance includes related marketable securities.

2) Enterprise Banking: Commercial and Corporate.

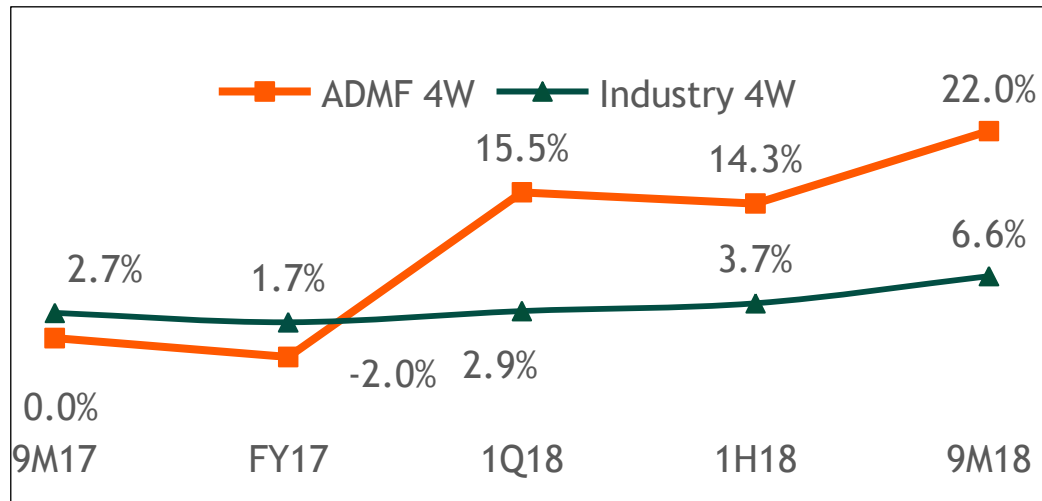
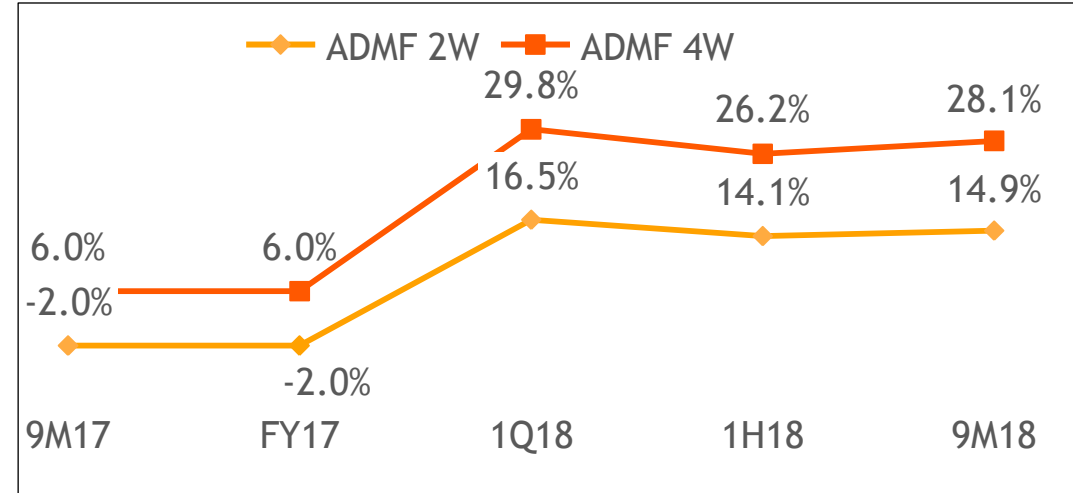
3) Unsecured Personal Loan, Credit Card, and Other.

ADMF's 2W and 4W new financing amount grew above the industry

ADMF units New Financing vs. Industry
(% YoY growth based on cumulative YTD)



ADMF New Financing amount
(% YoY growth)



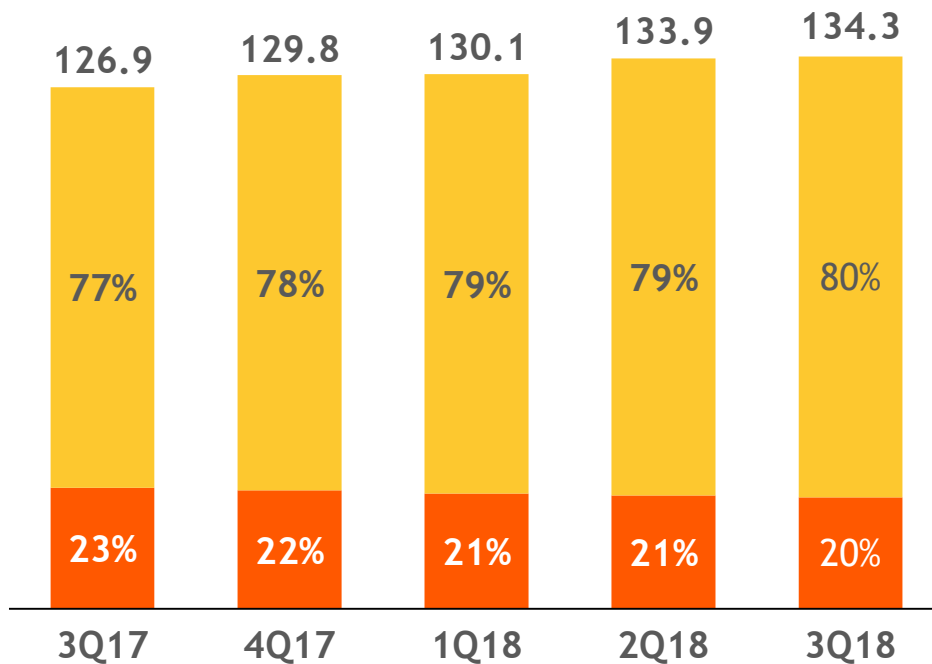
ADMF Outstanding Loan

Rp bn	9M17	9M18	YoY	2Q18	QoQ
2W auto loans*	20,125	22,030	10%	21,344	3%
4W auto loans*	22,615	25,711	14%	24,790	4%
White goods and others*	1,643	1,913	17%	1,937	-1%
Adira Finance	44,382	49,653	12%	48,071	3%

*Restated to include reclassification of certain collateralized multipurpose loans into White goods and others.

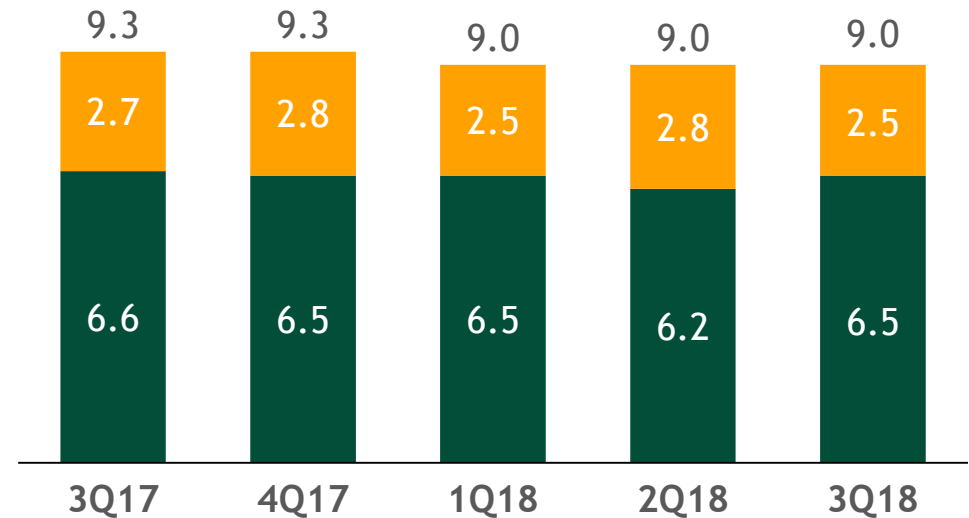
Non-mass market loans continue growing while CoC and NIM are relatively stable

Composition of Loan Portfolio & Trade Finance
(Rp tn)



Higher Yield (SEMM +2W+ Durable goods)
Lower Yield (Non-Mass Market + 4W)

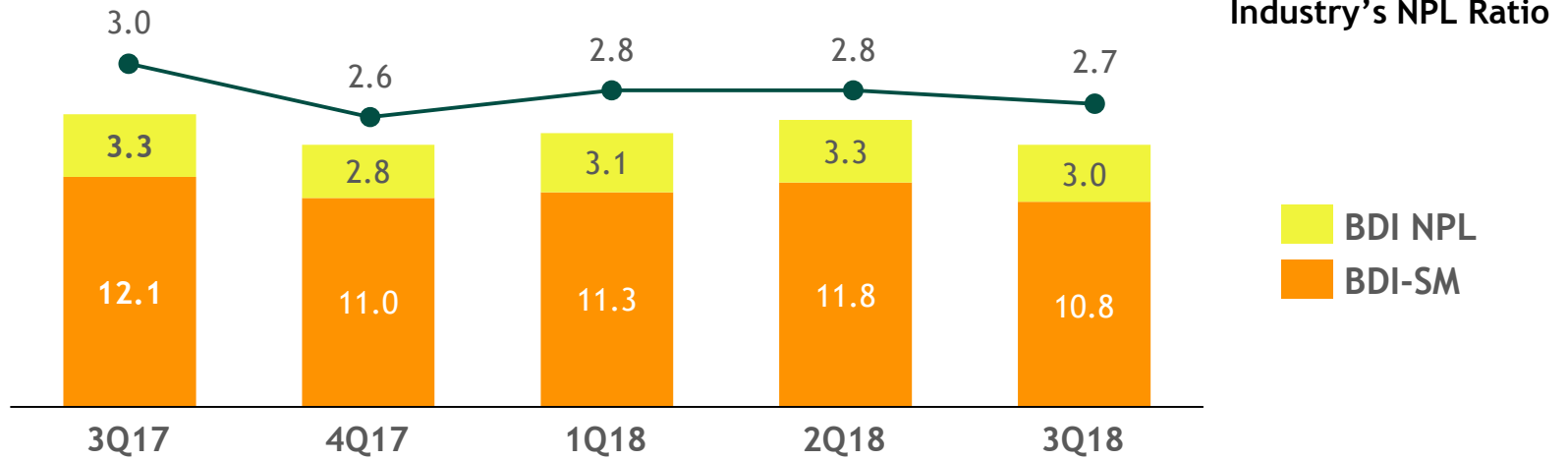
NIM and Risk-Adjusted NIM
(%)



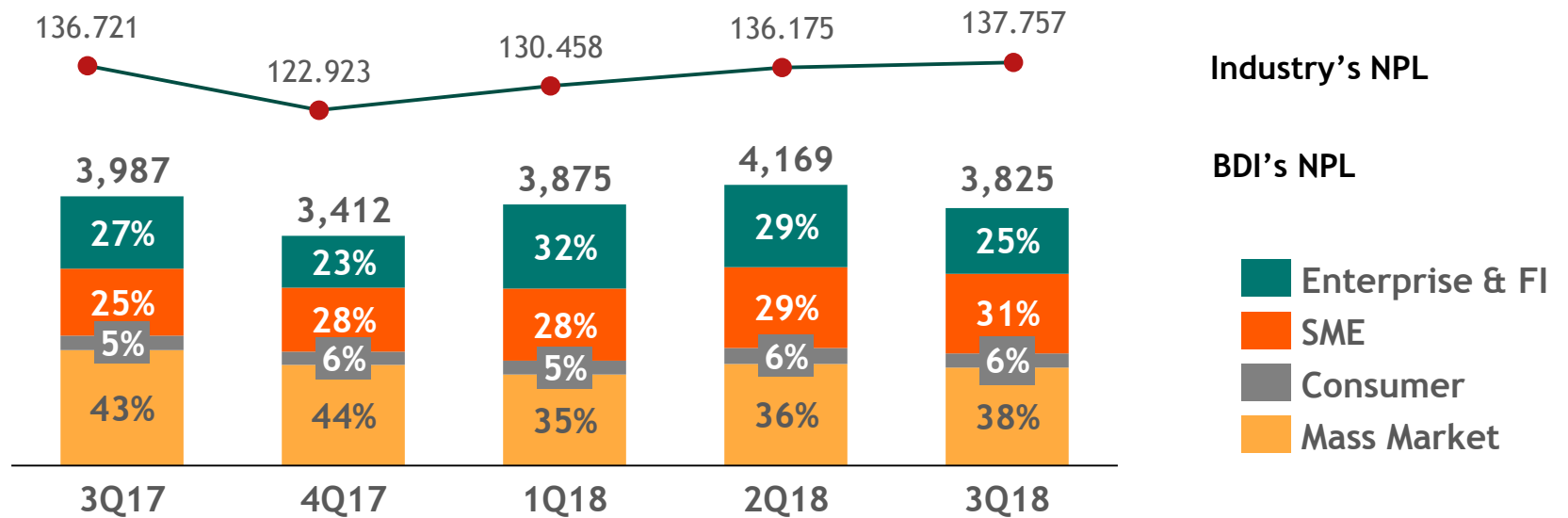
CoC Risk Adj NIM

Both NPL and SM improved YoY

Loan Collectability (% of Total Loans)



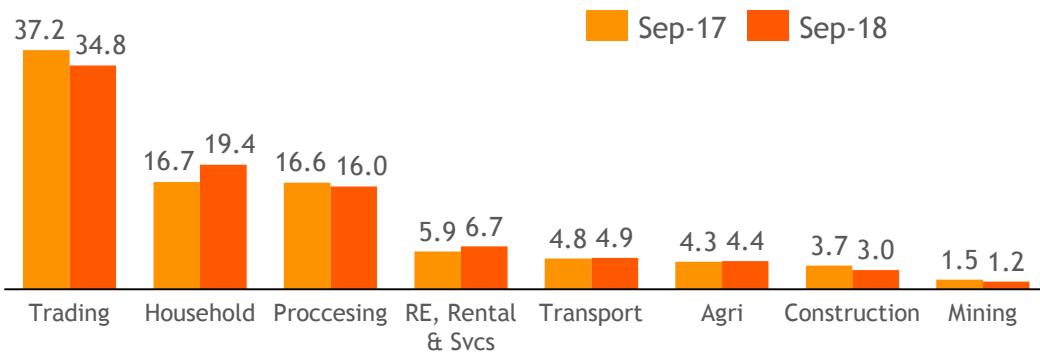
NPL amount (Rp bn) and Composition (% of Total NPL)



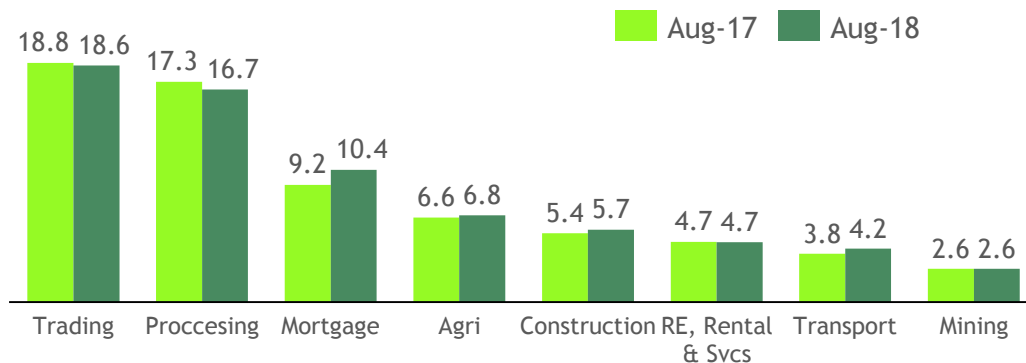
Source : Industry NPL based on SPI as of Aug 2018

Steady asset quality in key sectors. NPL in some legacy sectors remained

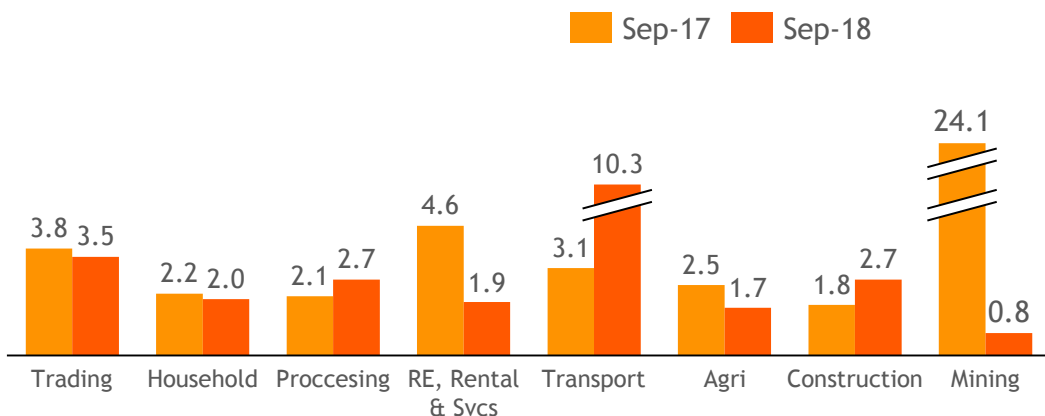
BDI Loans by Sector (% of total loans)



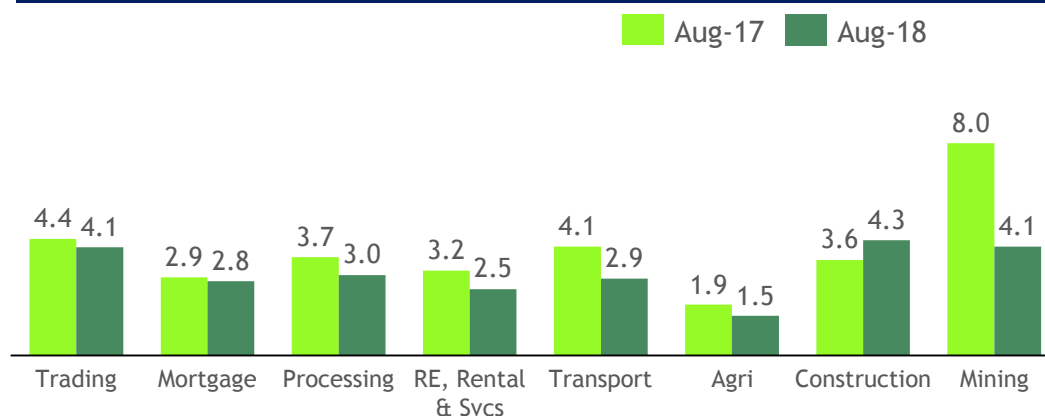
Industry Loans by Sector (% of total loans)



BDI NPL by Sector (%)



Industry NPL by Sector (%)

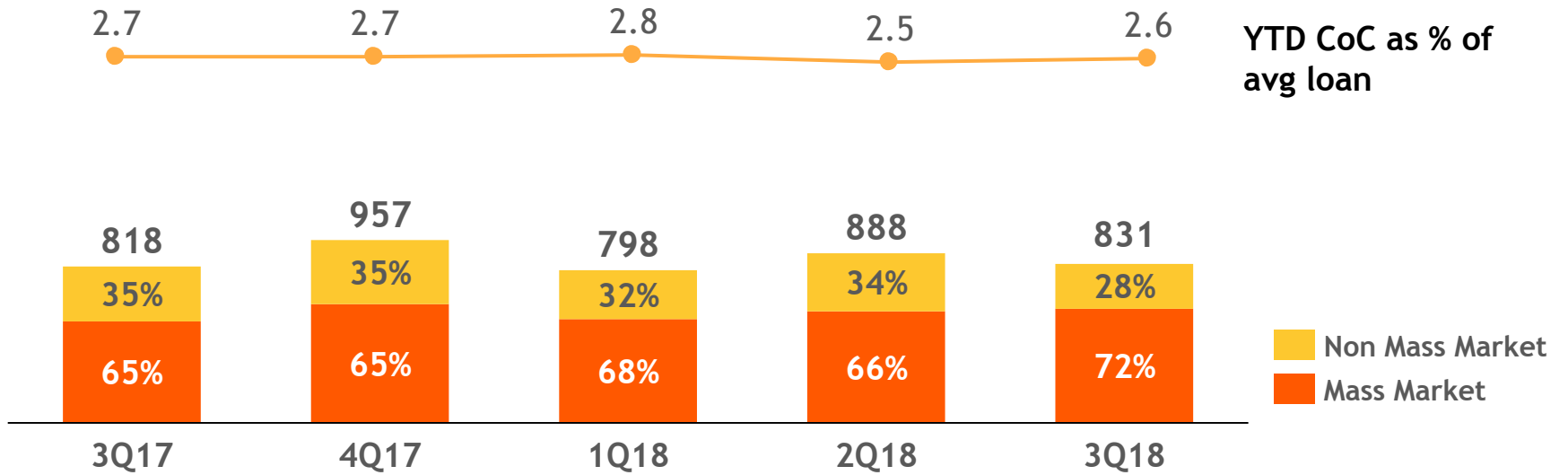


Source: SPI Aug 18

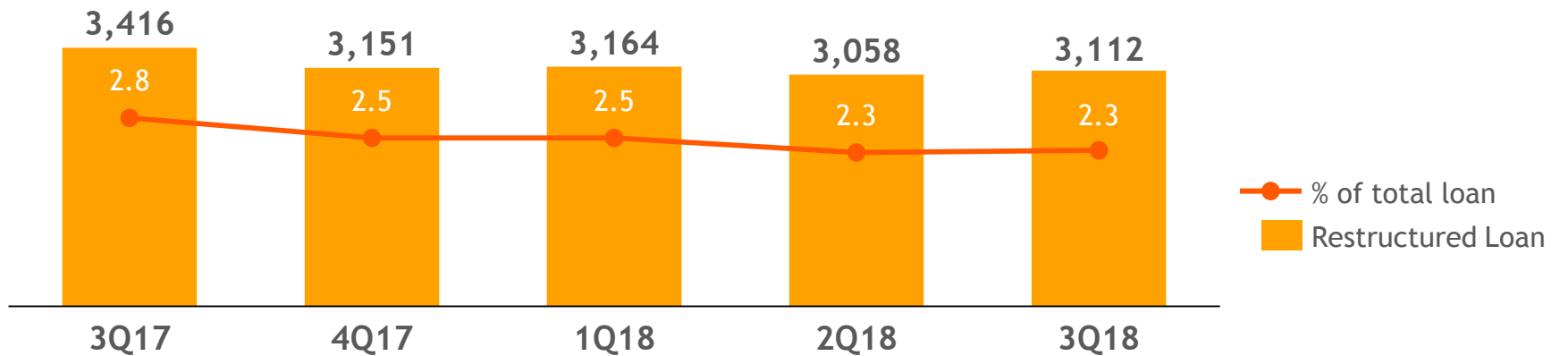
- Sectors experiencing increase in NPL ratios makes up lower percentage of total loans.
- Processing sector makes up 16.0% of total loans. While transport and construction segment only make up 4.9% and 3.0% of total loans, respectively.

CoC ratio and Restructured loans improved YoY

Cost of Credit (% of Avg Loans and Rp bn)

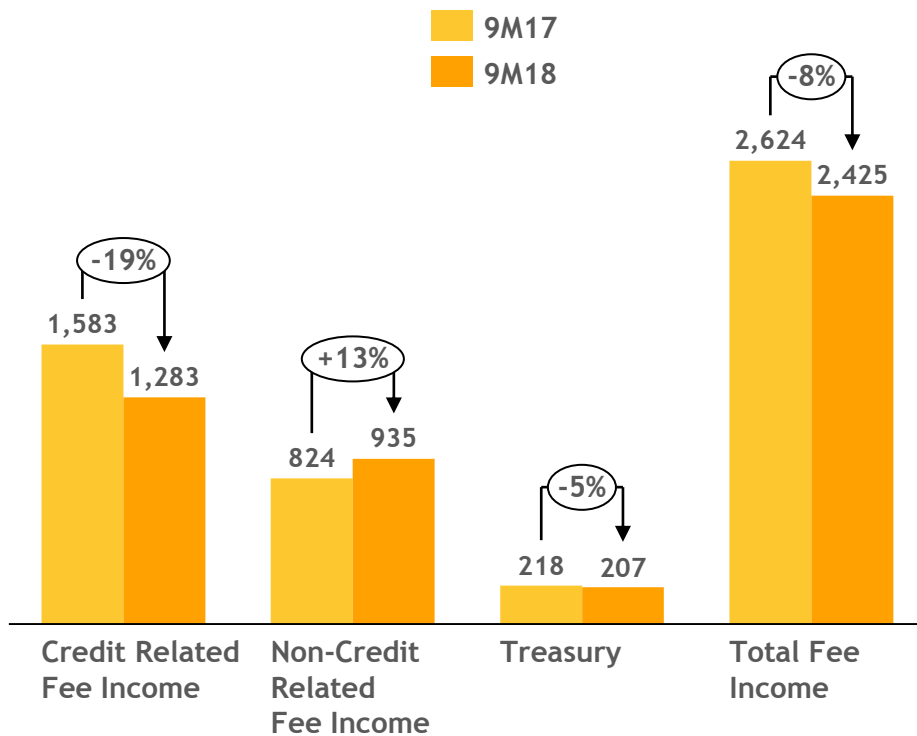


Restructured Loans (% of Total Loans and Rp bn)

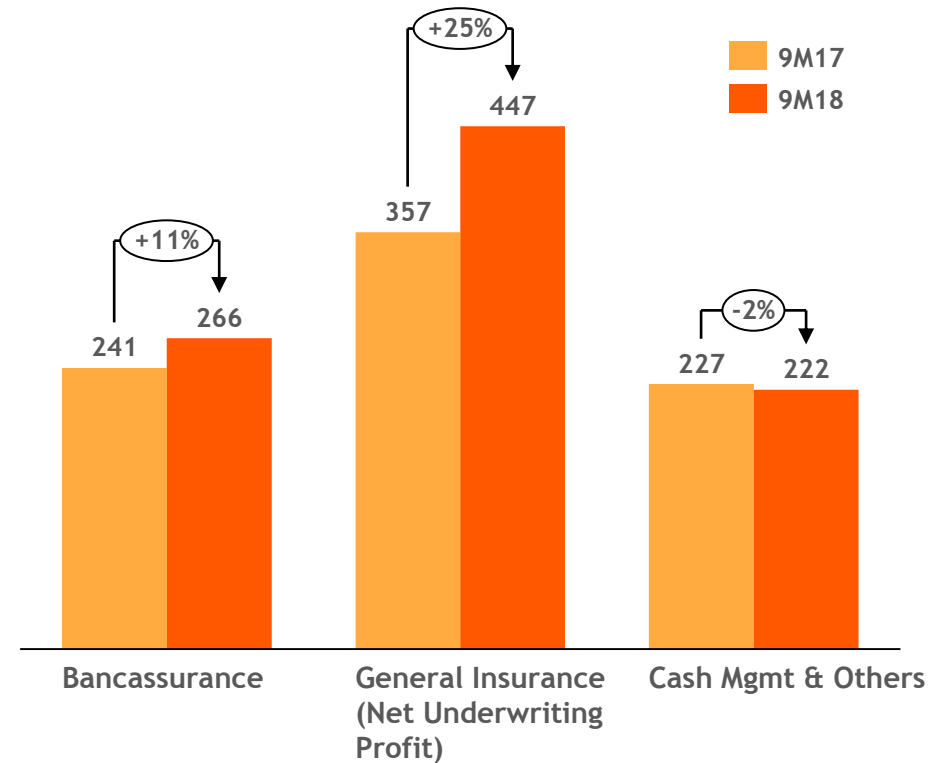


General insurance and Bancassurance grew 25% & 11% respectively

Fee Income (Rp bn)



Non-Credit Related Fee Income (Rp bn)



THANK YOU

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Appendix : Consolidated income statement under PSAK 58 (IFRS 5)

In accordance with PSAK 58 (IFRS 5), as the Bank has signed Conditional Sale and Subscription Agreement (“CSSA”) with Zurich Insurance Company Ltd. related to the divestment of 70% shares in Adira Insurance; Adira Insurance’s net income is presented in a separate line of profit or loss as net income from disposal group classified as held-for-sale

<i>In Rp billion</i>	9M17	9M18	YoY
Net Interest Income	10,425	10,679	2%
Non Interest Income	2,112	1,830	-13%
Operating Income	12,537	12,508	0%
Operating Expenses	6,096	6,143	1%
PPOP ¹⁾	6,442	6,366	-1%
Cost of Credit	2,509	2,517	0%
Operating Profit	4,024	3,883	-4%
Profit after tax	2,839	2,796	-2%
Net income from disposal group classified as held-for-sale	305	378	24%
Net Profit After Tax	3,034	3,038	0%

1) Pre-Provision Operating profit